United Nations DP/FPA/2008/2

Executive Board of the
United Nations Development
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United Nations Population Fund

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UNFPA – Report of the Advisory Committee on Administrative and Budgetary Questions on the estimates for the biennial support budget for 2008-2009

UNITED NATIONS POPULATION FUND

ESTIMATES FOR THE BIENNIAL SUPPORT BUDGET FOR 2008-2009

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director of the United Nations Population Fund (UNFPA) on the estimates for the biennial support budget for 2008-2009 (DP/FPA/2008/1). During its consideration of the report, the Advisory Committee met with the Deputy Executive Director and other representatives of UNFPA, who provided additional information and clarification.

I. Budget format and presentation

2. The biennial support budget for 2008-2009 is presented for the first time in a harmonized results-based budgeting format agreed upon by UNDP and UNICEF, based on its strategic plan 2008-2011 (see para.8 below). The budget estimates incorporate 16 results-based budget functions, with the largest share of increases in function 4, programme guidance, management and oversight, as shown in table 3 and explained in paragraphs 12 and 52 to 123. The Committee notes that some differences exist in the use of terminology by UNFPA and the United Nations Secretariat. Upon enquiry, the Committee was informed that these differences were due to the common approach developed with the United Nations Development Group, with a view to harmonizing the budget presentations of UNFPA, UNDP and UNICEF.

3. **The Committee notes the efforts of UNFPA to implement results-based budgeting. The Committee notes that the presentation, as it is currently formulated, continues to be too general and does not provide distinct information on links with specific programmes of work**

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or activities. In addition, it does not allow assessment of cost effectiveness and the degree of achievement of expected results. The Committee recognizes with UNFPA that the results-based approach is a work in progress. In this connection, the Committee was informed that UNFPA will continue its efforts to improve indicators and linkages between the management and the programme activities.[1] **The Advisory Committee reiterates its previous request that UNFPA, UNDP and UNICEF take into account lessons learnt by other United Nations entities that have already implemented results-based budgeting techniques** (DP/FPA/2005/14, para.3).

4. **In order to ensure greater budgetary transparency, it is important to include in the support budget submission information on major objects of expenditure under post and non-post costs. Within non-post costs, information should be provided on sub-headings (other staff costs, non-staff compensation, consultants and experts, travel of representatives, travel of staff, contractual services, general operating expenses, hospitality, supplies and materials, furniture and equipment, grants and contributions) as is being done by the United Nations Secretariat. The Advisory Committee recommends that these changes to the format of budget submissions be considered by the Executive Boards of all funds and programmes.**

II. Estimates for 2008-2009

5. As indicated in table 1 and paragraphs 17-19 of the support budget, total income is expected to increase from $910 million in 2006-2007 to $1,263 for the biennium 2008-2009, an increase of 38.8 per cent. Of this total, $863 million is from regular resources (an increase of 15.5 per cent) and $400 million is from other resources (an increase of 145.4 per cent). These projections are based on the anticipated continuation of the substantial increases in donor contributions, both for regular and other resources. In its report DP/FPA/2005/14, the Committee encouraged UNFPA to continue to intensify its fund-raising activities, not only to maintain the level of resources but also to attain further positive results. **The Committee commends UNFPA for successfully expanding its donor base and for the progress made in increasing donor contributions.**[2]

6. The biennial support budget for the biennium 2008-2009 is estimated at $259.8 million gross ($235.8 million net), reflecting a gross increase of 24.3 per cent, compared to the 23.2 per cent increase for 2006-2007. UNFPA will fund the gross budget through $235.8 million from regular resources, and $24 million from the projected cost recovery which is presented under the additional resources column in table 1. In paragraph 29 of the support budget, UNFPA indicates that the increase in the proposed support budget should be viewed in the context of the projected total income growth of 38.8 per cent for 2008-2009 versus the 21.3 per cent increase estimated for 2006-2007. The main areas of increases and decreases are summarized in table 2 of the support budget.

[1] DP/FPA/2008/1, paras. 4 and 11.
[2] Ibid., paras. 17 and 18.

7. The Advisory Committee notes the proposed increase in the allocation to programmes for the biennium 2008-2009 to $1,038.4 million, or 77.8 per cent of the total, compared to $718.2 million, or 76.7 per cent of the total for 2006-2007. The Committee further notes the decreased share of the biennial support budget in the use of total resources from 22.3 per cent for 2006-2007 to 19.5 per cent for 2008-2009, which is in line with the recommendations of the Committee in paragraphs 6 and 8 of its earlier report (DP/FPA/2005/14). However, **the Committee wishes to point out that liabilities to be funded for After Service Health Insurance, replenishment of the operational reserve and additional expenses on account of the United Nations mandated security requirements are increasing expenditure on support activities at the cost of programme activities. It therefore recommends that UNFPA continue to exercise scrutiny of programme support cost so as to ensure an even higher allocation of funds for programmes.**

8. The UNFPA strategic plan 2008-2011, approved by the Executive Board in its decision 2007/40, identifies nine management outputs in the management results framework.[3] The estimated budget resources for these nine management outputs are presented in supplementary table I under paragraph 16 of the support budget. To achieve the management outputs, the biennial support budget for 2008-2009 includes: (a) a revised organizational structure; (b) enhanced capacity for selected headquarters offices; and (c) cost increases arising from salary scales and post-adjustment values, including after-service health insurance.[4]

9. Proposed post changes in the field and at the headquarters of UNFPA are provided in table 4 under paragraph 53 of the support budget. The total number of posts would increase from 1,031 in 2006-2007 to 1,119 in 2008-2009, a net increase of 88 posts, with 122 more posts in the field and 34 less posts at headquarters. The revised organizational structure would include (a) further strengthening of country offices, through creation of new posts and reclassification of existing posts; and (b) relocation of geographical divisions from headquarters to the field and the establishment of five regional offices and six sub-regional offices.[5] Details of the post requirements and the impact of the regionalization are provided in paragraphs 31 to 43 and 44 to 48 respectively. The one-time costs of the new structure are estimated at $28.4 million.[6] Upon enquiry, the Committee was provided with the organigrammes approved for 2006-2007 and proposed for 2008-2009, which are included as annex I of this report. In addition, the Committee was provided with the following overview of post changes.

[3] Ibid, paras. 9 to 13 and 16.
[4] Ibid., para. 14.
[5] Ibid., para. 15.
[6] Ibid., paras. 24 to 26.

Summary	Posts	Grade
Approved for the biennium 2006-2007		
Field	796	18 D-1, 62 P-5, 29 P-4, 263 NO, 424 GS
Headquarters	235	1 USG, 2 ASG, 9 D-2, 23 D-1, 39 P-5, 41 P-4, 8 P-3, 2 P-2, 110 GS
Total	1,031	1 USG, 2 ASG, 9 D-2, 41 D-1, 101 P-5, 70 P-4, 8 P-3, 2 P-2, 263 NO, 534 GS
Vacant posts as at December 2007		
Field	12	1 D-1, 9 P-5, 2 P-4
Headquarters	10	6 P-5, 4 P-4
Total	22	1 D-1, 15 P-5, 6 P-4
Proposed new posts for the biennium 2008-2009		
Field	157	5 D-2, 7 D-1, 7 P-5, 18 P-4, 30 P-3, 1 P-2, 39 NO, 50 GS
Headquarters	43	2 D-2, 8 D-1, 9 P-5, 8 P-4, 1 P-3, 1 P-2, 14 GS
Total	200	7 D-2, 15 D-1, 16 P-5, 26 P-4, 31 P-3, 2P-2, 39 NO, 64 GS
Proposed abolished posts for the biennium 2008-2009		
Field	(35)	1 D-1, 1 P-5, 3 P-4, 26 NO, 4 GS
Headquarters	(77)	5 D-2, 11 D-1, 13 P-5, 11 P-4, 1 P-3, 36 GS
Total	(112)	5 D-2, 12 D-1, 14 P-5, 14 P-4, 1 P-3, 26 NO, 40 GS
Proposed upward reclassifications for the biennium 2008-2009		
Field	97	16 P-5 to D-1, 7 P-4 to P-5, 45 NO, 29 GS
Headquarters	16	1 P-5 to D-1, 2 P-4 to P-5, 2 P-3 to P-4, 11 GS
Total	113	17 P-5 to D-1, 9 P-4 to P-5, 2 P-3 to P-4, 45 NO, 40 GS
Proposed downward reclassifications for the biennium 2008-2009		
Field	29	5 D-1 to P-5, 9 NO, 6 GS
Headquarters	2	2 GS
Total	22	5 D-1 to P-5, 9 NO, 8 GS
Total posts for the biennium 2008-2009		
Field	**918**	**5 D-2, 35 D-1, 64 P-5, 37 P-4, 30 P-3, 1 P-2, 276 NO, 470 GS**
Headquarters	**201**	**1 USG, 2 ASG, 6 D-2, 21 D-1, 36 P-5, 38 P-4, 6 P-3, 3 P-2, 88 GS**
Total	**1,119**	**1 USG, 2 ASG, 11 D-2, 56 D-1, 100 P-5, 75 P-4, 36 P-3, 4 P-2, 276 NO, 558 GS**

10. UNFPA indicates that the rationale behind the proposed structural and post changes is the country context and the new aid environment in which the agency finds itself. Upon enquiry, the Committee was informed that as a small organization, UNFPA has provided technical and financial support for government led and managed projects in support of national development. Developments in the area of international aid, including the Millennium Summit and the World Summit in 2005, have led to new global financing mechanisms and new sources of financing. This has added new challenges for UNFPA in supporting national governments in claiming these resources. UNFPA is no longer trying only to leverage resources for its own programmes of support, but playing an active role in working with governments and the United Nations country team to attract resources required for national priorities, some of which may be channelled through UNFPA. In general, proposals ought to be developed at the country level and, therefore, UNFPA representatives need to take on a proactive role.

11. UNFPA requests the Executive Board to approve an increase in the proportion of UNFPA representatives at the D-1 level from 25 per cent to 40 per cent of the total number of UNFPA representatives.[7] Information on the proposed changes in senior posts for both the headquarters and

[7] Ibid., paras. 34 and 124.

the field is contained in summary table 2 on page 39 of the support budget. Upon enquiry, the Committee was informed that the current level of 25 per cent was established by the Executive Board in its decision 95/35 and has not changed since 1995. Significant changes have taken place over the last decade in the aid environment in which UNFPA operates, and the role and responsibilities of Country Directors (now UNFPA Representatives) have evolved accordingly. In addition, UNFPA must position itself to shoulder greater common system management responsibilities within the United Nations country team. In 2006, UNFPA undertook a review of the reclassification of its Representative positions with the assistance of the consultancy firm that assisted the ICSC in developing the new classification standards in 2004. Based on this classification review, UNFPA proposes the upgrading of 16 posts from P-5 to D-1 and the downgrading of five posts from D-1 to P-5. It also proposes four new D-1 posts for the regional and sub-regional offices and abolition of one D-1 post at the country level. As a result, the number of posts at the D-1 level would increase from 18 in 2006-2007 to 32 in 2008-2009. This would represent 39 per cent of the total number of UNFPA Representatives, within the proposed ceiling of 40 per cent of UNFPA Representatives at the D-1 level. UNFPA believes that its underlying structures cannot remain static in a rapidly evolving programme environment, and that by approving a percentage, rather than a fixed number of D-1 positions attached to specific duty stations, the Executive Board would re-affirm the Fund's existing flexibility granted by the Board's decision 95/35.

12. The Committee was provided with the following summary of the 135 reclassifications of posts proposed by UNFPA.

Summary of the proposed reclassifications

Field			
Representatives	16	5	21
Other international professional posts	7		7
Total international professional posts	23	5	28
Local posts (NP and GS)	74	15	89
Total	**97**	**20**	**117**
Headquarters			
International professional	5		5
General service	11	2	13
Total	**16**	**2**	**18**
Total Field and Headquarters			
International Professional	28	5	33
National professional and General service	85	17	102

With regard to these classifications, the Committee was informed that UNFPA adheres strictly to the ICSC classification standards. It was also informed that, while recognizing the legitimate career development aspirations of its staff, UNFPA bases its proposals on a thorough review of the functions of the posts rather than the individuals assigned to them. As UNFPA does not have a

Classification Officer, the relevant work is outsourced to other United Nations organizations and accredited external consultants, which, in the view of UNFPA, contributes to the objectivity and neutrality of the process. **The Committee notes that a similar approach is taken by other funds and programmes and is concerned that the result should indeed reflect objective needs, rather than the career development of the staff.** Upon enquiry, the Committee was informed that of the 135 proposed reclassifications, not all have been confirmed for reclassification. The Committee requested, but did not receive, information on the cost of the proposed reclassifications. **The Committee requests that this information, along with the status of reclassifications proposed for 2008-2009, be submitted to the Executive Board, as well as the number and cost of reclassifications in 2006-2007, so as to enable the Board to better analyze increased expenditure on the support budget.**

13. In its reports on UNFPA's biennial support budgets for the biennia 2004-2005 and 2005-2006 (DP/FPA/2003/12 and DP/FPA/2005/14), the Committee pointed out the need for better justification for reclassifications and indicated that career prospects and promotions of staff are human resource management issues that cannot normally be handled through reclassification of posts. Further, the Committee recalls the request of the Executive Board to the Executive Director to exercise "highest possible prudence and transparency while implementing the reclassification of posts, in the light of the comments made in the ACABQ report" (DP/FPA/2002/10). **The Advisory Committee remains concerned at the large number of posts proposed for reclassification and reiterates its comments thereon. It points out that these reclassifications constitute a recurrent cost to UNFPA, with a potential impact on the future availability of resources for programme activities.**

14. **The Advisory Committee is of the opinion that at this stage, the percentage of the total number of D-1 positions should remain at 25 per cent and that UNFPA should resubmit its proposal in the context of the biennium budget 2010-2011, with full justification and with details of reclassification effected during 2006-2007 and 2008-2009.**

15. UNFPA has also proposed conversion of 15 posts of operations managers from national to international posts. In addition, UNFPA has proposed creation of eight international posts, 2 for country offices and 6 for the new regional and sub-regional offices. The total number of operations managers in 2008-2009 would thus be 65, of which 23 would be international and 42 national officers. The Committee points out that the United Nations is committed to building national capacity in developing countries and that the proposed conversion from national to international posts in this case goes in the opposite direction. Upon enquiry, the Committee was informed that UNFPA's emphasis on building national capacity in country offices was the reason for originally establishing 44 posts of operations managers at the national officer level in 2003. The Committee was further informed that UNFPA had experienced difficulties in recruitment for these posts, which in some cases could be attributed to lack of qualified national candidates as well as to increased competition from other United Nations organizations where posts of a similar nature are graded at the international level. In addition, competition from other multinational organizations and the private sector makes it increasingly difficult to recruit and retain competent staff members in some local markets.

16. **The Committee notes the initiative by UNFPA to establish these posts at the national level and recommends that it keep the matter under review to ensure that national officers are used as far as possible, consistent with the efficient operations of the offices.**

III. ERP and IPSAS

17. A provision of $6 million is proposed for continuing development of the Enterprise Resource Planning system (Atlas), including approximately $2.1 million for preparing for the implementation of the international public sector accounting standards, in January 2010. The investment in Atlas would reach a total of $28.9 million for the period 2002-2009. [8] Upon enquiry, the Committee was provided with the following summary of investments in Atlas and achievements:

	2002-2005	2006-2007	2008-2009
Budget	US$13.8 Million	US$8.9Million	US$6.0Million
Achievements	Together with partner agencies, implemented 17 Modules of PeopleSoft in all UNFPA offices	Implemented additional modules such as eProcurement, eRecruitment, EPM planning and budgeting. Started the implementation of HR and payroll for international professional staff	IPSAS implementation, upgrade to PeopleSoft 9.0, Deployment of business intelligence tool, aligning programme module with strategic plan

18. The Advisory Committee had requested UNFPA to quantify, and incorporate in the context of the biennial support budget for 2008-2009, administrative efficiencies and savings in post and non-post resources associated with the implementation of the ERP.[9] In paragraph 7 of Annex 1 of the support budget, UNFPA indicates that the impact of the ERP on administrative processes has meant faster processing, better quality information and faster reporting, together with the integration of various databases. The system, however, has not yet reduced the workload requirement. On the contrary, for example, the segregation of duties and the approval process, which led to improved internal controls, also imposed additional workloads on UNFPA structures. **The Committee is convinced that an investment of such a magnitude should lead to tangible savings, both in post and non-post expenditure. Therefore, the Committee recommends that UNFPA quantify savings and efficiency gains in the context of the next biennial budget. Given the fact that implementation of IPSAS and the upgrading to PeopleSoft 9.0 would be completed during 2008-2009, the Committee expects resource requirements in the next biennium to be limited to projected maintenance costs.**

IV. Travel of staff

[8] Ibid. para. 23
[9] DP/FPA/2005/14, para. 17.

19. Upon enquiry, the Committee was provided with a table of all staff members who were on travel status for more than 20 days between January and November 2007. This information is included as annex II of this report. The Committee notes that information provided in the footnote to the table is not fully accurate. The Committee notes an increase in the budget for travel of staff, from $4.2 million in 2006-2007 to $5.3 million in 2008-2009, an increase of 26.1 per cent. **While the Committee acknowledges the importance of travel for functional reasons, it points out that substantial investment has been made in information and communication technology (DP/FPA/2008/1, paras.97-99) and that given the expansion of UNFPA's field presence and its decentralization strategy, the need for staff to travel from the Headquarters should be much reduced. The Committee is also of the view that UNFPA should explore the possibility of using videoconferencing and other electronic means of communication where possible. The Committee recommends that travel expenses be closely monitored and reported in the context of the next budget submission, when the Committee will review the issue.**

V. Disaster Recovery and Business Continuity

20. **The Committee emphasizes the need for UNFPA to liaise with the United Nations Chief Information Technology Officer (CITO) for all programmes relating to its disaster recovery and business continuity.** Upon enquiry, the Committee was informed that UNFPA is a member of the ICT Network of the Chief Executives Board (CEB), which serves as a forum for information and discussion on ICT among organizations of the United Nations system, as is the CITO. Further, the Committee was informed that UNFPA began building disaster recovery and business continuity infrastructure long before creation of the post of CITO, drawing lessons learnt from the experience of other funds and programmes. The disaster recovery and business continuity functions for its Atlas system were outsourced in 2004 after a competitive bidding process. The Atlas production environment and the Disaster Recovery site are hosted in Tempe, Arizona and in Denver, Colorado, both in the United States of America. UNFPA is currently in the process undertaking a comprehensive study of its business continuity requirements with the assistance of a private company. Any existing or new United Nations facilities for disaster recovery and business continuity under the aegis of the CITO will be fully explored in the implementation of the emerging recommendations of the comprehensive study. **The Committee recommends that UNFPA include the recurrent and non-recurrent expenditure relating to its disaster recovery and business continuity activities as separate items in its next biennial support budget. Further, the Committee recommends that UNFPA seek advice from the CITO before any further development in this area.**

VI. After Service Health Insurance (ASHI)

21. Upon enquiry, the Committee was informed that the ASHI liability of UNFPA stood at $61.6 million by 31 December 2005, the date of the latest biennial assessment. Of this total, $22.5 million has been funded. UNFPA proposes to fund the remaining $39.1 million progressively over a number of years. UNFPA estimates that a 4 per cent surcharge should effectively cover the

annual increase in the liability. A revised estimate would be available after the next assessment as of 31 December 2007.

VII. Security costs and reserve

22. As indicated in paragraph 122 and supplementary table VII of the support budget, the Committee notes that the proposed security requirements for the biennium 2008-2009 total $7.3 million, an increase of $2.2 million or 42 per cent from the appropriation for 2006-2007. Upon enquiry, the Committee was informed that $1.3 million of the proposed increase is related to posts, both at the headquarters and in the field, intended to strengthen the security function. These include three new P4 posts (one Deputy Security Coordinator at headquarters and two Regional Security Advisers), one new G7 and one reclassification from P4 to P5 (Senior Security Coordinator). Another $0.9 million relates to centrally managed costs at headquarters.

23. In the draft decision in paragraph 124 of the support budget, UNFPA requests the Executive Board to authorize additional funding of $2.4 million from regular resources to replenish the security reserve. Upon enquiry, the Committee was informed that the security reserve was established in 2004 at a level of $6.8 million. Utilization of the reserve is disclosed in the financial statement and reported to the Executive Board annually. The request for the biennium 2008-2009 follows the practice of a previous replenishment of $4.7 million for 2006-2007 approved by the Executive Board in its decision 2005/37.

VIII. Operational Reserve

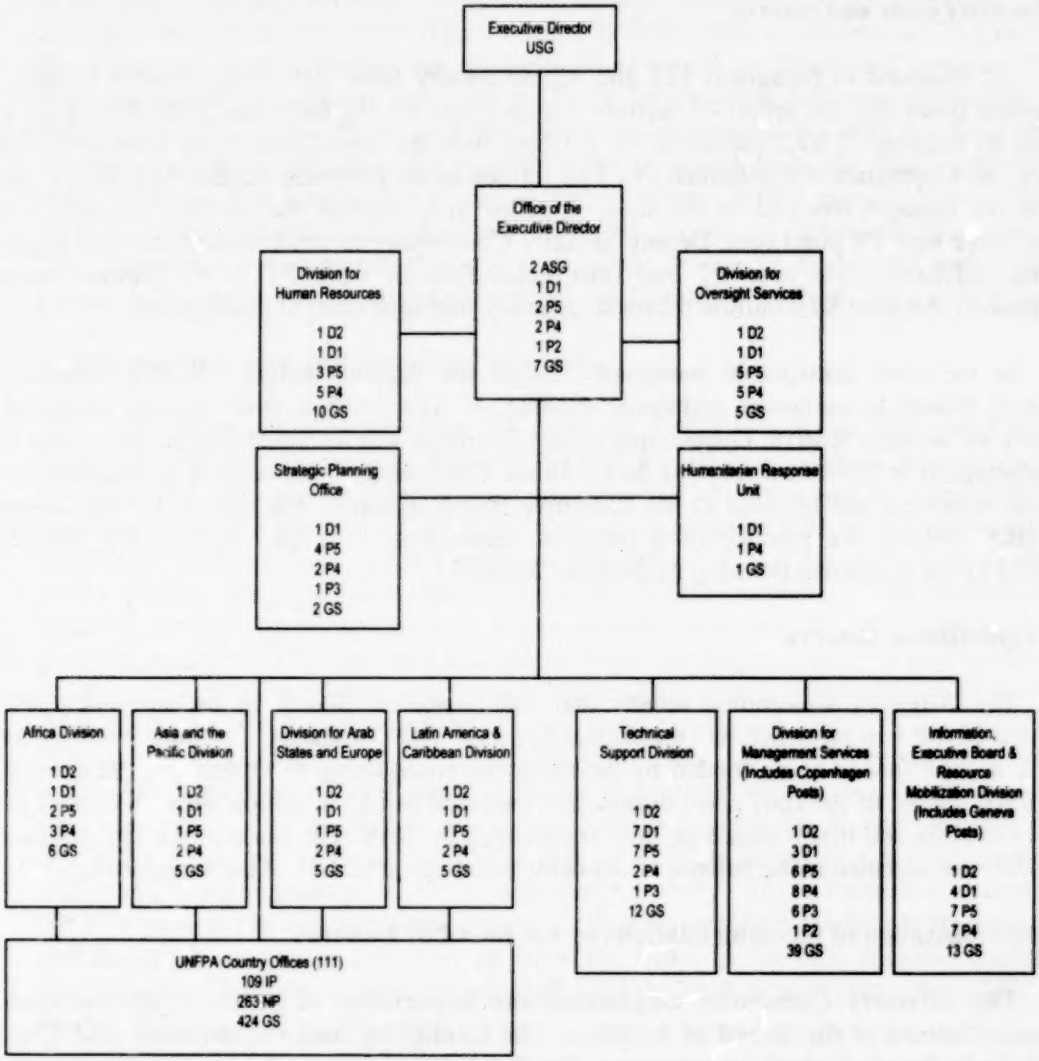
24. The Advisory Committee recalls that the Executive Board, in its decision 2007/43, requested UNFPA to replenish its Operational Reserve. The Committee was informed that out of the $11 million that is being funded by deferring the contribution to Operational Reserve, $8.8 million will be out of the 2007 contribution. It is expected that $5.6 million would be added to the Reserve in 2008 and that it would be fully replenished by 2010. The amounts for the Reserve for 2008-2009 are included in the balance of available resources in table 1 of the support budget.

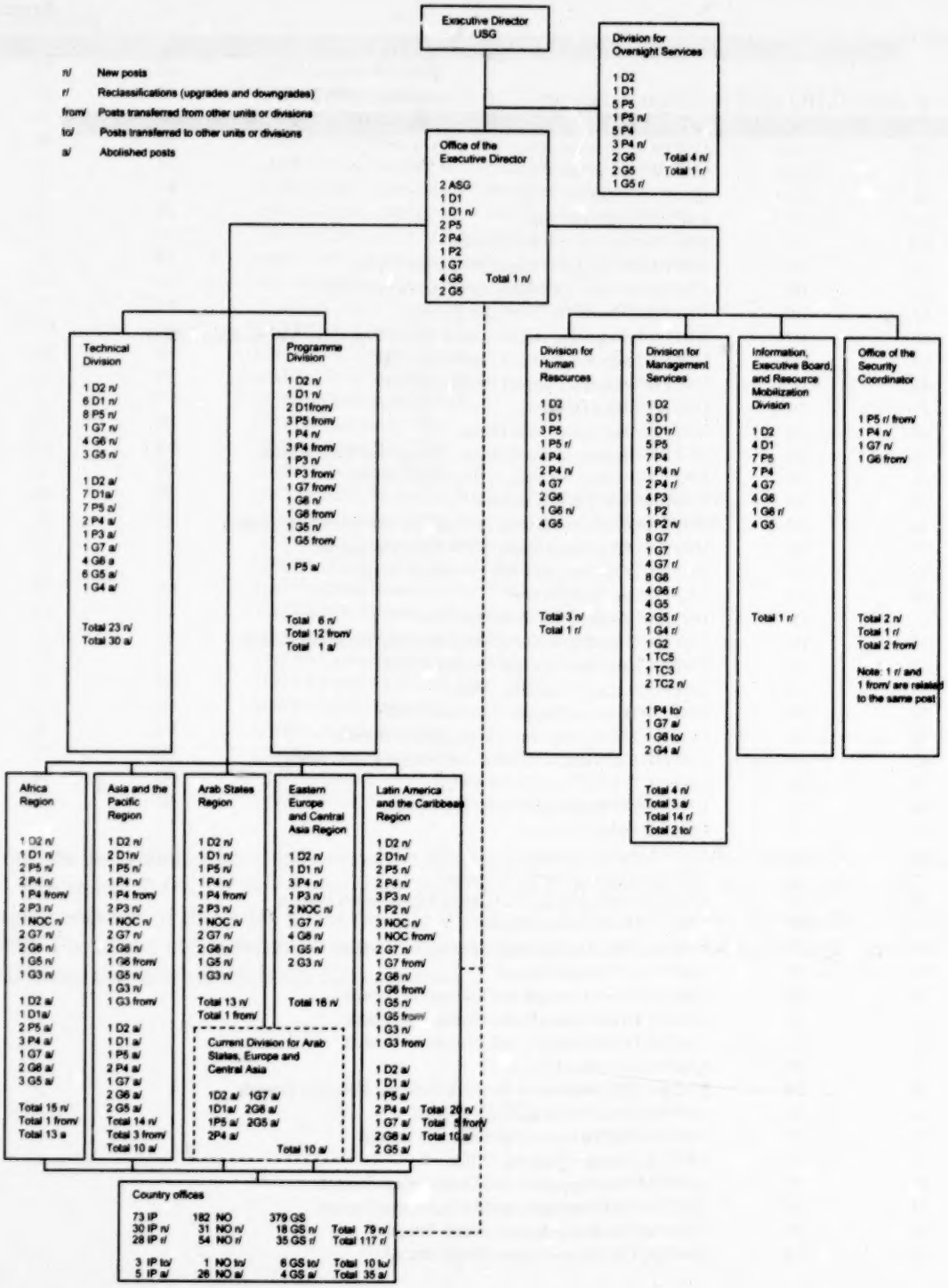
IX. Implementation of recommendations by the Board of Auditors

25. **The Advisory Committee emphasizes the importance of timely implementation of recommendations of the Board of Auditors. The Committee also recommends that UNFPA include in its future budget presentations detailed information on the implementation of the Board's recommendations.**

Annex I

UNFPA Organizational Chart – approved for 2006-2007




n/ New posts
r/ Reclassifications (upgrades and downgrades)
from/ Posts transferred from other units or divisions
to/ Posts transferred to other units or divisions
a/ Abolished posts
Executive Director USG
Division for Oversight Services
1 D2
1 D1
5 P5
1 P5 n/
5 P4
3 P4 n/
2 G6 Total 4 n/
2 G5 Total 1 r/
1 G5 r/
Office of the Executive Director
2 ASG
1 D1
1 D1 n/
2 P5
2 P4
1 P2
1 G7
4 G6 Total 1 n/
2 G5
Technical Division
1 D2 n/
6 D1 n/
8 P5 n/
1 G7 n/
4 G6 n/
3 G5 n/
1 D2 a/
7 D1a/
7 P5 a/
2 P4 a/
1 P3 a/
1 G7 a/
4 G6 a
6 G5 a/
1 G4 a/
Total 23 n/
Total 30 a/
Programme Division
1 D2 n/
1 D1 n/
2 D1from/
3 P5 from/
1 P4 n/
3 P4 from/
1 P3 n/
1 P3 from/
1 G7 from/
1 G6 n/
1 G6 from/
1 G5 n/
1 G5 from/
1 P5 a/
Total 6 n/
Total 12 from/
Total 1 a/
Division for Human Resources
1 D2
1 D1
3 P5
1 P5 r/
4 P4
2 P4 n/
4 G7
2 G6
1 G6 n/
4 G5
Total 3 n/
Total 1 r/
Division for Management Services
1 D2
3 D1
1 D1r/
5 P5
7 P4
1 P4 n/
2 P4 r/
4 P3
1 P2
1 P2 n/
8 G7
1 G7
4 G7 r/
8 G6
4 G6 r/
4 G5
2 G5 r/
1 G4 r/
1 G2
1 TC5
1 TC3
2 TC2 n/
1 P4 to/
1 G7 a/
1 G6 to/
2 G4 a/
Total 4 n/
Total 3 a/
Total 14 r/
Total 2 to/
Information, Executive Board, and Resource Mobilization Division
1 D2
4 D1
7 P5
7 P4
4 G7
4 G6
1 G6 r/
4 G5
Total 1 r/
Office of the Security Coordinator
1 P5 r/ from/
1 P4 n/
1 G7 n/
1 G6 from/
Total 2 n/
Total 1 r/
Total 2 from/
Note: 1 r/ and 1 from/ are related to the same post
Africa Region
1 D2 n/
1 D1 n/
2 P5 n/
2 P4 n/
1 P4 from/
2 P3 n/
1 NOC n/
2 G7 n/
2 G6 n/
1 G5 n/
1 G3 n/
1 D2 a/
1 D1a/
2 P5 a/
3 P4 a/
1 G7 a/
2 G6 a/
3 G5 a/
Total 15 n/
Total 1 from/
Total 13 a
Asia and the Pacific Region
1 D2 n/
2 D1n/
1 P5 n/
1 P4 n/
1 P4 from/
2 P3 n/
1 NOC n/
2 G7 n/
2 G6 n/
1 G6 from/
1 G5 n/
1 G3 n/
1 G3 from/
1 D2 a/
1 D1 a/
1 P5 a/
2 P4 a/
1 G7 a/
2 G6 a/
2 G5 a/
Total 14 n/
Total 3 from/
Total 10 a/
Arab States Region
1 D2 n/
1 D1 n/
1 P5 n/
1 P4 n/
1 P4 from/
2 P3 n/
1 NOC n/
2 G7 n/
2 G6 n/
1 G5 n/
1 G3 n/
Total 13 n/
Total 1 from/
Current Division for Arab States, Europe and Central Asia
1D2 a/ 1G7 a/
1D1a/ 2G6 a/
1P5 a/ 2G5 a/
2P4 a/
Total 10 a/
Eastern Europe and Central Asia Region
1 D2 n/
1 D1 n/
3 P4 n/
1 P3 n/
2 NOC n/
1 G7 n/
4 G6 n/
1 G5 n/
2 G3 n/
Total 16 n/
Latin America and the Caribbean Region
1 D2 n/
2 D1n/
2 P5 n/
2 P4 n/
3 P3 n/
1 P2 n/
3 NOC n/
1 NOC from/
2 G7 n/
1 G7 from/
2 G6 n/
1 G6 from/
1 G5 n/
1 G5 from/
1 G3 n/
1 G3 from/
1 D2 a/
1 D1 a/
1 P5 a/
2 P4 a/ Total 20 n/
1 G7 a/ Total 5 from/
2 G6 a/ Total 10 a/
2 G5 a/
Country offices
73 IP 182 NO 379 GS
30 IP n/ 31 NO n/ 18 GS n/ Total 79 n/
28 IP r/ 54 NO r/ 35 GS r/ Total 117 r/
3 IP to/ 1 NO to/ 6 GS to/ Total 10 to/
5 IP a/ 26 NO a/ 4 GS a/ Total 35 a/

Annex II

Staff Travel

Travel days of HQ staff members 1 January – 20 November 2007

Total Days	Grade	Department
88	USG1	UNFPA/Executive Office
76	ASG1	UNFPA/Executive Office
65	ASG1	UNFPA/Executive Office
143	D2	UNFPA/Africa Division
143	D2	UNFPA/Asia and Pacific Division
30	D2	UNFPA/Division for Human Resources (DHR)
53	D2	UNFPA/Division for Management Services(DMS)
50	D2	UNFPA/Division for Oversight Services
62	D2	UNFPA/Information and Executive Board Resources Mobilization (IERD)
63	D2	UNFPA/Latin America and Caribbean (LAC)
49	D2	UNFPA/Technical Support Division (TSD)
57	D1	UNFPA/Africa Division
38	D1	UNFPA/Asia/India - New Delhi
26	D1	UNFPA/Division for Arab States, Europe and Central Asia
21	D1	UNFPA/Division for Human Resources (DHR)
28	D1	UNFPA/DMS/Finance Branch
35	D1	UNFPA/DMS/Management Information Services Branch (MIS)
27	D1	UNFPA/DMS/Procurement & Facilities Management
22	D1	UNFPA/DOS/Oversight and Evaluation Branch
40	D1	UNFPA/Executive Office
85	D1	UNFPA/Humanitarian Response Unit
24	D1	UNFPA/IERD/Executive Board & External Relations Branch
20	D1	UNFPA/Latin America and Caribbean (LAC)
34	D1	UNFPA/Strategic Planning Office
54	D1	UNFPA/Technical Support Division (TSD)
58	D1	UNFPA/TSD/Commodities Management Branch
42	D1	UNFPA/TSD/Gender, Culture and Human Rights Branch
87	D1	UNFPA/TSD/HIV-AIDS BRANCH
66	D1	UNFPA/TSD/Reproductive Health Branch
52	P5	UNFPA/Africa Division
40	P5	UNFPA/Africa Division
55	P5	UNFPA/Asia and Pacific Division
34	P5	UNFPA/DHR/Learning and Career Management Branch
21	P5	UNFPA/DMS/Finance Branch
29	P5	UNFPA/DMS/Management Information Services Branch (MIS)
30	P5	UNFPA/DOS/Audit Branch
73	P5	UNFPA/DOS/Oversight and Evaluation Branch
64	P5	UNFPA/DOS/Oversight and Evaluation Branch
63	P5	UNFPA/DOS/Oversight and Evaluation Branch
41	P5	UNFPA/Executive Office
20	P5	UNFPA/IERD/Executive Board & External Relations Branch
28	P5	UNFPA/IERD/Media Services Branch
35	P5	UNFPA/IERD/Resource Mobilization Branch
21	P5	UNFPA/Strategic Planning Office
80	P5	UNFPA/TSD/Population and Development Branch
57	P5	UNFPA/TSD/Population and Development Branch
38	P5	UNFPA/TSD/Reproductive Health Branch
29	P5	UNFPA/TSD/Reproductive Health Branch

Continued:

Total Days	Grade	Department
63	P4	UNFPA/Africa Division
34	P4	UNFPA/Africa Division
41	P4	UNFPA/Asia and Pacific Division
74	P4	UNFPA/Asia/Nepal - Kathmandu
57	P4	UNFPA/DHR/Learning and Career Management Branch
31	P4	UNFPA/DHR/Learning and Career Management Branch
26	P4	UNFPA/DHR/Learning and Career Management Branch
57	P4	UNFPA/Division for Arab States, Europe and Central Asia
50	P4	UNFPA/Division for Arab States, Europe and Central Asia
26	P4	UNFPA/Division for Human Resources (DHR)
24	P4	UNFPA/DMS/Procurement & Facilities Management
149	P4	UNFPA/DOS/Audit Branch
96	P4	UNFPA/DOS/Audit Branch
86	P4	UNFPA/DOS/Audit Branch
71	P4	UNFPA/DOS/Audit Branch
42	P4	UNFPA/Executive Office
27	P4	UNFPA/Executive Office
20	P4	UNFPA/Executive Office
40	P4	UNFPA/IERD/Executive Board & External Relations Branch
39	P4	UNFPA/IERD/Executive Board & External Relations Branch
32	P4	UNFPA/IERD/Media Services Branch
20	P4	UNFPA/IERD/Media Services Branch
22	P4	UNFPA/IERD/Resource Mobilization Branch
22	P4	UNFPA/IERD/Resource Mobilization Branch
43	P4	UNFPA/Latin America and Caribbean (LAC)
42	P4	UNFPA/Latin America and Caribbean (LAC)
55	P4	UNFPA/Project/Regional Africa (RAF)
57	G7	UNFPA/Africa Division
36	G7	UNFPA/Africa Division
27	G7	UNFPA/Latin America and Caribbean (LAC)
30	G6	UNFPA/DMS/Finance Branch
20	G5	UNFPA/DHR/Learning and Career Management Branch

Note: the information provided covers the headquarters BSB staff for the period from 1 January – 20 November 2007. UNFPA does not have records on number of days travelled prior to the implementation of the Atlas travel module which was rolled out for the headquarters in October 2006. The above information includes local travel in USA, international travel and cancelled trips and hence the information is not fully accurate.

United Nations DP/FPA/2008/3

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

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Recommendations of the Board of Auditors

United Nations Population Fund

Follow-up to the report of the United Nations Board of Auditors for 2004-2005: status of implementation of recommendations

Report of the Executive Director

I. Introduction

1. Pursuant to decision 97/2 of the Executive Board, the Executive Director wishes to bring to the attention of the Board a progress report on the implementation of the recommendations of the United Nations Board of Auditors for UNFPA, for the biennium that ended 31 December 2005 (A/61/5/Add.7). In document A/61/350, the Advisory Committee on Administrative and Budgetary Questions reviewed the report of the Board of Auditors and the corresponding report of the Secretary-General (A/61/214/Add.1).

2. This report provides an update of further actions taken by UNFPA to implement the recommendations of the United Nations Board of Auditors, as contained in document A/61/5/Add.7. UNFPA also addressed audit issues in its report on internal audit and oversight activities in 2006 (DP/FPA/2007/14), and in the management response to that report, submitted to the annual session 2007 of the Executive Board.

3. In accordance with Executive Board decision 2005/8, this report also indicates the priority accorded to each recommendation. The report is organized as follows:

(I) Introduction;

(II) Status of implementation of the audit recommendations;

(III) Conclusion;

(IV) Recommendation.

07-60918 (E) 121207

4. The paragraph numbers cited in the present document correspond to those contained in the report of the United Nations Board of Auditors (A/61/5/Add.7).

II. Status of implementation of the audit recommendations

5. The Executive Director is pleased to report that UNFPA has implemented, or is in the process of implementing, all 42 recommendations of the United Nations Board of Auditors.

6. In line with the report of the Secretary-General to the sixty-first session of the General Assembly on the implementation of the recommendations of the Board of Auditors on the financial statements of United Nations funds and programmes for the financial period that ended 31 December 2005 (A/61/214/Add.1), the table below provides a summary of the implementation of the recommendations by area of responsibility. It also indicates the priority given to each of the recommendations.

Implementation status of recommendations by area of responsibility

Division/country office	*Number of recommendations*	*Not implemented*	*Fully implemented*	*Under implementation*	*Priority*		
					High	*Medium*	*Low*
Division for Management Services	19		15	4	5	11	3
Division for Oversight Services	6		5	1	3		3
Division for Human Resources	8		7	1	3	4	1
Strategic Planning Office	3		3			3	
Information, Executive Board, and Resource Mobilization Division	1			1	1		
All divisions/ country offices	5		3	2	1	4	
Total	**42**		**33**	**9**	**13**	**22**	**7**

7. UNFPA is pleased to report that the number of recommendations that it implemented fully increased from 9 in the previous report (DP/FPA/2007/1) to 33 (of a total of 42) in this report. UNFPA is on track in implementing the nine remaining recommendations. UNFPA expects that it will implement them fully by the target completion dates contained in the audit recommendation table available

on the UNFPA Executive Board web page (http://www.unfpa.org/exbrd/2008/2008_first.htm).

8. To strengthen its analysis, UNFPA grouped the recommendations by the risk categories defined in paragraph 30 of document DP/FPA/2006/4. The breakdown of the recommendations made by the Board of Auditors between the risk categories used by UNFPA is as follows: external risk; people risk; process risk; relationship risk; and technology and systems risk. The paragraphs that follow summarize the actions taken by UNFPA to address the recommendations in each risk category.

A. External risk

9. This group includes recommendations relating to services provided by external parties and deals with risk factors for which UNFPA has little leverage. There are three recommendations under this group: two recommendations are of high priority (paragraphs 27 and 29) and one is of low priority (paragraph 120). UNFPA has implemented two high-priority recommendations and has initiated implementation of the third recommendation (paragraph 120).

10. Discussions with United Nations partners are ongoing, and UNFPA is developing an environmental management strategy (paragraph 120).

B. People risk

11. This group includes recommendations relating to personnel succession planning, the contractual arrangements of temporary personnel, staff performance appraisal, training, leave administration and the reporting of fraud.

12. There are 10 recommendations in this group: 2 recommendations are of high priority (paragraphs 156 and 188); 6 recommendations are of medium priority (paragraphs 164, 169, 174, 177, 190 and 203); and 2 recommendations are of low priority (paragraphs 183 and 192). UNFPA has implemented one high-priority recommendation (paragraph 188), six medium-priority recommendations (paragraphs 164, 169, 174, 177, 190 and 203) and one low-priority recommendation (paragraph 183). This represents 80 per cent of the recommendations in this group. Implementation of the other recommendations is under way.

13. Regarding the liability provision for annual leave not taken by staff, UNFPA will address this recommendation by 1 January 2010 with the implementation of the international public sector accounting standards (paragraph 192).

14. UNFPA will complete the development of its succession-planning framework by mid-2008, and has taken the first steps in formulating the framework (for example, identifying best practices in other United Nations agencies and international organizations; establishing rosters; and including aspects of succession planning, such as data on vacancies and anticipated staff retirement, in the rotation exercise) (paragraph 156).

C. Process risk

15. This group includes recommendations related to the funding of posts, procurement activities and assets, staff benefits, reporting, audit charter and coverage, and monitoring the implementation of audit recommendations.

16. There are 18 recommendations in this group: 5 recommendations are of high priority (paragraphs 89, 105, 132, 142 and 144), 12 recommendations are of medium priority (paragraphs 32, 90, 94, 100, 103, 110, 118, 126, 128, 150, 198 and 201) and 1 recommendation is of low priority (paragraph 113). UNFPA has implemented 3 high-priority recommendations (paragraphs 89, 105 and 142), 10 medium-priority recommendations (paragraphs 32, 90, 94, 100, 103, 110, 126, 128, 198 and 201) and 1 low-priority recommendation (paragraph 113). This represents 78 per cent of the recommendations. The implementation of the other recommendations is under way.

17. UNFPA plans to increase the capacity of the Division for Oversight Services in the 2008-2009 biennial support budget by adding one auditor, in order to meet the requirements for reviewing financial data (paragraph 144).

18. With regard to procurement plans, the UNFPA Procurement Services Section requested country offices to submit their annual procurement plans to the Procurement Services Section; however, the number of plans received was not satisfactory. For 2008, the Procurement Services Section will provide country offices with the 2007 procurement data as a baseline and request country offices to indicate their revisions and expectations for 2008 (paragraph 118).

19. With regard to reporting to donors, UNFPA has made progress with the help of Atlas. UNFPA expects further improvements, such as the implementation of an on-line report generation and tracking system for donor reports (paragraph 132).

20. The geographical divisions have worked extensively with country offices to ensure that appropriate action is taken with regard to the audit recommendations. UNFPA is recording and updating these actions in a comprehensive audit and recommendation database system. The Division for Oversight Services follows up on the monitoring of recommendations by the geographical divisions. In addition, the UNFPA Management Committee regularly reviews the status of implementation of the recommendations (paragraph 150).

D. Relationship risk

21. This group includes recommendations relating to interactions between UNFPA and its implementing partners and related processes, as well as the costing methodology for services provided for UNFPA.

22. There are nine recommendations in this group: two recommendations are of high priority (paragraphs 59 and 74); four recommendations are of medium priority (paragraphs 46, 51, 68 and 135); and three recommendations are of low priority (paragraphs 62, 79 and 81). Except for two recommendations (paragraphs 59 and 68), UNFPA has implemented all the recommendations.

23. Work is under way, especially on issues such as materiality, synchronization of financial reports and differing fiscal years. The Division for Management Services is liaising with the Division for Oversight Services to define an appropriate

mechanism to disclose the impact of modified project audits in financial statements (paragraph 59).

24. UNFPA will issue revised policies and procedures for project management before the end of 2007. On 1 December 2006, the Division for Oversight Services issued revised terms of reference to improve consistency in the scope of project audits and reports (paragraph 68).

E. Technology and systems risk

25. This group includes recommendations relating to information systems management. There are two recommendations in this group (paragraphs 40 and 108); both are of high priority. UNFPA has implemented both recommendations.

III. Conclusion

26. As part of its efforts to improve governance and accountability, UNFPA ensures that all recommendations made by the United Nations Board of Auditors are implemented systematically as part of its systems and processes. UNFPA conducts regular follow-up with responsible units, which provide updates on progress made. The Management Committee regularly reviews progress on the audit recommendations. UNFPA is also strengthening risk management and its overall assurance process. UNFPA has implemented, or is in the process of implementing, all 42 recommendations made by the Board of Auditors for 2004-2005, and has completed action on 33 recommendations. UNFPA expects to implement all recommendations by January 2010.

IV. Recommendation

27. **The Executive Board may wish to take note of the present report (DP/FPA/2008/3) and the further actions planned in implementing the recommendations of the United Nations Board of Auditors for the biennium 2004-2005.**

United Nations DP/FPA/2008/4

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UNFPA – Internal audit and oversight

UNITED NATIONS POPULATION FUND

OVERSIGHT POLICY*

Report of the Executive Director

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* The compilation of data requested to provide the Executive Board with the most current information has delayed the submission of the present report.

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Introduction

1. Pursuant to decision 2007/29 adopted by the Executive Board at its annual session 2007, the Executive Director is pleased to submit the UNFPA oversight policy for consideration and approval by the Executive Board.

2. The oversight policy aims to strengthen UNFPA accountability, risk management and assurance processes. While establishing basic principles, the policy also defines (as requested in decision 2007/29) the specific terms and concepts, including accountability and transparency, as well as modalities of disclosure and confidentiality in the management of the operational activities of UNFPA. The oversight policy describes the roles and responsibilities of the various parties and the resulting synergies that would enable the Fund to enhance its oversight mechanisms.

3. In accordance with the guidance provided by the Executive Board, the Executive Director wishes to stress the close linkage between the Fund's oversight policy, the strategic plan, the accountability framework, the applicable administrative policies and procedures relating to oversight and personal accountability, and all measures taken to improve evaluation and measurement of results and impact, monitoring and transparency in reporting.

4. The UNFPA oversight policy has been developed taking into account General Assembly resolutions 59/250: Triennial comprehensive policy review of operational activities for development of the United Nations system; 60/1: 2005 World Summit Outcome; 61/245: Comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies; and other pertinent decisions and resolutions regarding the strengthening of accountability and ethics in the United Nations system.

Part One

ACCOUNTABILITY AND OVERSIGHT DEVELOPMENTS IN UNFPA

5. The oversight function has traditionally been associated with legislative and financial accountability. The scope of oversight has over time been enlarged to address controls regarding aspects of risks, relevance, effectiveness, efficiency, and impact of operations. Oversight constitutes a set of activities in which internal and external bodies provide assurance to the Executive Director, the Executive Board and other concerned parties that there are reliable and cost-effective systems of internal controls ensuring that:

- UNFPA activities are in accordance with its legislative mandate and the policies adopted by the General Assembly, the Economic and Social Council and the Executive Board (organizational accountability);
- The funds provided to UNFPA are fully accounted for and used in full compliance with programmes or project agreements (financial accountability);
- The activities are conducted in the most efficient and effective manner and programme overlaps, duplications and inefficient use of resources are avoided (operational accountability);

- Staff and other officials adhere to standards of professionalism and ethics (individual accountability).

6. Over the past several years, UNFPA has made significant progress in the areas of accountability, assurance, risk management, internal controls and fraud prevention. The new risk management approach to oversight was commended and supported by the Executive Board and the professional community. As part of this process, the quality assurance review of audit services was validated by the Institute of Internal Auditors (IIA).

7. An independent Audit Advisory Committee (AAC) was established by UNFPA in 2006 to provide independent technical advice to the Executive Director in fulfilling her responsibilities.

8. The introduction of a charter for the UNFPA Division for Oversight Services (DOS) has enabled greater accountability and better assurance at UNFPA. To strengthen risk management capacity, UNFPA adopted a risk-based oversight programme incorporating programme impact-related issues; introduced several computer-based audit techniques and technologies that allow greater standardization and harmonization of work practices; developed a fraud policy and a policy against retaliation for reporting wrongdoing; conducted fraud awareness and risk assessment training workshops at all levels; and provided tools and methodologies enabling country teams to undertake fraud risk assessments and identify risk mitigation actions.

9. As mentioned in the UNFPA accountability framework document (see DP/FPA/2007/20), UNFPA has recently implemented a balanced scorecard (a management and accountability tool that defines clear baselines and targets for programme and management outputs). To improve the ability to measure its performance in the management results framework outlined in the strategic plan, 2008-2011 (see DP/FPA/2007/17), UNFPA has used a results-based budgeting (RBB) methodology for the development of the support budget for the next biennium, 2008-2009.

10. Also, as noted in the accountability framework document (DP/FPA/2007/20), UNFPA has instituted comprehensive control mechanisms covering the diverse areas of its operations with a range of detective and preventive control activities, including general controls and applications controls relating to UNFPA information systems. These controls are described in the UNFPA Financial Regulations and Rules and in the UNFPA Policies and Procedures Manual.

11. The UNFPA oversight policy presented below has been prepared with this background and scope in mind.

Part two

UNFPA OVERSIGHT POLICY

I. DEFINITIONS

12. For the purpose of the UNFPA oversight policy, the following definitions will apply:

- **Assurance process** means an objective examination of evidence for the purpose of providing an independent assessment on risk management, control or governance processes for the organization. Reasonable assurance means an acceptable and satisfactory level of confidence under given considerations of costs, benefits and risks. The assurance process alone, even when performed with due professional care, does not guarantee that all significant risks will be identified.
- **Accountability** means the obligation to demonstrate that work has been conducted with agreed rules and standards or to report fairly and accurately on performance results vis-à-vis mandated roles and/or plans, and thus refers to the process whereby UNFPA and its personnel are held responsible for their decisions and actions, including their stewardship of funds, fairness in all aspects of performance, in accordance with agreed rules and standards, and fair and accurate reporting on performance results vis-à-vis mandated roles and/or plans.
- **Business unit** means any operation or office, which is led by management. These units typically consist of field offices and UNFPA headquarters' divisions, branches and offices.
- **Confidential information** means:
  - documents intended for internal purposes only;
  - privileged information such as legal advice and correspondence with external legal advisers including any information, the disclosure of which might prejudice an investigation or any legal or regulatory proceedings, or subject the Fund to an undue risk of litigation;
  - information which, if disclosed, in the Fund's view would seriously undermine the policy dialogue with Member States or implementing partners;
  - information that, if disclosed, could violate the law, or prove a threat to the national security of a Member State or to the personal security and privacy of an individual;
  - information in the Fund's possession which was not created by the Fund and is identified by its originator as being sensitive and confidential, or when the originator legitimately has requested that its release be restricted;
  - information related to procurement processes, including pre-qualification information submitted by prospective bidders, tenders, proposals or price quotations (other than the total contract price), or records of deliberative processes, financial,

business or proprietary information of private entities received by the Fund, unless permission is given by those private entities to release this information.

- **Control activities** mean those policies and procedures which are established and implemented to help ensure that the necessary internal controls are effectively carried out.
- **Independence** means the necessary conditions of integrity and freedom from interference in determining the scope, performing functions and communicating findings of internal audit, evaluation and investigation activities. Any independent individual involved in such activities should have an impartial, unbiased attitude and avoid conflict of interest.
- **Internal control framework** means all the policies, procedures, monitoring and communication activities, standards of behaviour and other assurance activities to ensure orderly, ethical, economical, efficient and effective operations. It consists of five interrelated components: control environment; risk assessment; control activities; information and communications; and monitoring.
- **Internal control** means any action taken by Management, the Executive Board, and other relevant parties to enhance risk management and increase the likelihood that established objectives and goals are achieved.
- **Management** means the persons who control, lead and direct UNFPA or who are delegated the authority to do so.
- **Oversight** means the general process that refers to the review, monitoring, evaluation and supervision of the Fund's programmes, activities, and policy implementation to ensure organizational, financial, operational and ethical accountability.
- **Thematic evaluation** means an independent assessment of selected aspects or cross-cutting issues in different types of interventions that are crucial to UNFPA and its mandate.
- **Transparency** means the flow of timely and reliable financial, strategic, and programmatic information about UNFPA use of resources as well as about the activities of the Fund. In contrast, a lack of transparency may be described as deliberate withholding of access to and/or misrepresenting information or failure to ensure that the information provided is of adequate relevance or quality.

II. PURPOSE AND SCOPE

13. The purposes of the oversight policy are to ensure good governance, create the necessary environment of accountability and transparency in UNFPA, and ensure that the Fund's business operations are effectively carried out through continuous improvement.

14. The scope of the oversight policy is shaped by the following principles of good governance:

(a) The activities of the organization are fully in accordance with its legislative mandates;

(b) The funds provided to the organization are fully accounted for and in full compliance with project/programme agreements;

(c) The activities of the organization are conducted in the most efficient and effective manner, and duplications and inefficient use of resources are avoided;

(d) The staff and all other officials of the organization adhere to the highest standards of professionalism, integrity and ethics.

III. PRINCIPLES OF THE UNFPA OVERSIGHT POLICY

A. General principles

Application of oversight principles

15. UNFPA execution of oversight functions includes three essential elements that are designed to work as a comprehensive system which provides reasonable assurance that UNFPA activities are efficient and effective:

(a) An accountability framework holding management responsible for the efficiency and effectiveness of UNFPA programmes;

(b) A comprehensive, rigorous and transparent assurance system;

(c) UNFPA business units' oversight processes, such as inspections, periodic on-site reviews, programmatic monitoring, surveys and audits that review and evaluate programmes and management systems, as well as the validity of the on-site assurance system.

Legal framework

16. All oversight activities must strictly comply with the UNFPA Financial Regulations and Rules. The responsibility of oversight is granted on an individual basis and requires delegated authorities to adhere to the relevant portions of the controlling legal instruments. In the case of any inconsistency or ambiguity between them, the instruments must be applied in the following order of priority:

(a) Article 100 of the Charter of the United Nations;

(b) Staff Regulations and Rules of the United Nations and UNFPA;

(c) Financial Regulations and Rules of the United Nations and UNFPA;

(d) UNFPA oversight policy.

B. Delegation of authority

17. In accordance with the bulletin of the Secretary-General regarding the authority of the United Nations Population Fund in matters relating to human resources (ST/SGB/2004/10), the

Executive Director is accountable to the Secretary-General for the exercise of the authority delegated under this bulletin.

18. As set forth in the UNFPA Financial Regulations and Rules (Accountability, Regulation 3.1), the Executive Director is responsible and accountable for all phases and aspects of UNFPA financial activities. The Executive Director may further delegate authority to UNFPA personnel in accordance with Rule 103.1.

IV. OVERSIGHT ROLES AND RESPONSIBILITIES

19. The oversight roles and responsibilities encompass those related to assurance and accountability. Effective oversight results from the synergy between the respective roles and responsibilities of: Management; the Division for Oversight Services; the Audit Advisory Committee; the Ethics Office; the Executive Board of UNFPA; the United Nations Board of Auditors; and the United Nations Joint Inspection Unit.

20. A process of assurance is in place which examines and evaluates the adequacy and effectiveness of discharging these responsibilities, as follows:

(a) Internal audit, investigation and independent evaluation which examine and evaluate the adequacy and effectiveness of UNFPA processes, structure and controls, in order to provide reasonable assurance that these are functioning as intended;

(b) The Audit Advisory Committee which assists the Executive Director in fulfilling her oversight responsibilities;

(c) The United Nations Board of Auditors that has responsibility for undertaking independent audits of the Fund and certifying the financial statements.

A. Management

21. Management is responsible for the systems of governance, risk management, the internal control framework, the measurement of performance and the evaluation of results and impact. It is responsible for communicating results in a reliable, timely, accurate, open and transparent manner.

22. Management is also responsible for the implementation of the UNFPA accountability framework (as set forth in DP/FPA/2007/20) and of other applicable policies related to oversight activities. Management is accountable for exercising its oversight role in the particular areas of its responsibility. As part of its evaluation responsibilities, Management plans, organizes and directs the performance of sufficient actions to provide reliable information that goals, outcomes, outputs and results are achieved and have an impact on the intended beneficiaries.

B. Division for Oversight Services

23. The oversight roles and responsibilities of DOS, including the relevant professional standards applied to its functions are set forth in its charter approved by the UNFPA Executive Director. The oversight services provided by DOS cover internal auditing, fraud prevention and

detection, investigation, thematic evaluations and advisory services. DOS reports on internal audit and oversight activities annually and on evaluation activities biennially to the annual session of the Executive Board.

24. The scope of internal auditing includes the examination and evaluation of the adequacy and effectiveness of UNFPA governance processes, risk management processes, internal controls structure, and the quality of its performance in carrying out assigned responsibilities. These activities are carried out to provide reasonable assurance to the Executive Director, the Audit Advisory Committee and the Executive Board that these processes are functioning as intended to enable UNFPA to achieve its stated goals and objectives.

25. The scope of fraud prevention and detection includes the examination and evaluation of the adequacy and effectiveness of UNFPA internal controls to prevent and detect fraud. DOS conducts investigations into reports of violations of applicable regulations, rules and administrative or policy issuances, unless otherwise directed by the Executive Director and the Audit Advisory Committee in case of a conflict of interest. DOS investigations follow the procedures established for that purpose in the UNFPA policy on accountability, disciplinary measures and procedures.

26. The scope of the evaluation function includes: (a) verifying that programme strategies are relevant to the real needs of the ultimate beneficiaries and that UNFPA programmes and projects include all required and appropriate indicators and methodologies for measuring performance and impact; (b) verifying the measurement of the performance and impact of programmes and projects; (c) ascertaining compliance of programmes or projects with the UNFPA strategic plan; (d) reviewing the available expertise and capacity in UNFPA and amongst counterparts to manage for results and further develop capacity to do so; and (e) commissioning or performing thematic evaluations.

C. Audit Advisory Committee

27. An independent Audit Advisory Committee composed of five members was established in 2006 by the UNFPA Executive Director to further enhance accountability and transparency within the organization. Appointed by the Executive Director, the five members of the Audit Advisory Committee assist her in fulfilling the Executive Director's responsibilities for financial management and reporting, external audit matters, risk management, the systems of internal control and accountability, and the oversight process. The oversight roles and responsibility of the Audit Advisory Committee are set down in its terms of reference approved by the Executive Director.

D. Ethics office

28. The Ethics Officer is appointed by and reports to the Executive Director of UNFPA. The Ethics Officer provides the Executive Director with an annual report on his/her work. The Executive Director will forward a summary of this report to the Executive Board. Specific efforts will be pursued in support of one United Nations code of ethics and for coherence of ethics standards and policies.

29. The Ethics Officer has the following functions:

(a) Formulating, reviewing and disseminating policies, and providing guidance related to ethical issues in accordance with the common standards of conduct prescribed for all United Nations staff members;

(b) Providing guidance to management to ensure that the organization's policies, procedures and practices reinforce and promote the ethical standards called for under the United Nations Charter;

(c) Raising staff awareness within UNFPA on expected ethical standards and behaviour, within the context of the organizational oversight as well as human resources development policies, strategies and programmes;

(d) Providing staff with advice in confidentiality regarding ethical behaviour and standards;

(e) Receiving and reviewing, in accordance with the protection policy against retaliation of UNFPA, complaints of retaliation and referring cases to the respective competent and authorized units of UNFPA for further investigation when deemed necessary;

(f) Taking the responsibility for the strategic development and implementation of the financial disclosure programme.

E. Executive Board of UNFPA

30. The oversight roles and responsibility of the Executive Board of UNFPA are established by General Assembly resolutions 48/162 (1993) and 49/128 (1995).

31. The functions of the Executive Board as delineated in resolution 48/162 are:

(a) To implement the policies formulated by the General Assembly and the coordination and guidance received from the Economic and Social Council;

(b) To receive information from and give guidance to the Executive Director of UNFPA on the work of the organization;

(c) To ensure that the activities and operational strategies of UNFPA are consistent with the overall policy guidance set forth by the General Assembly and the Economic and Social Council, in accordance with their respective responsibility as set out in the Charter of the United Nations;

(d) To monitor the performance of the Fund;

(e) To approve programmes, including country programmes, as appropriate;

(f) To decide on administrative and financial plans and budgets;

(g) To recommend new initiatives to the Economic and Social Council, and through the Council, to the General Assembly as necessary;

(h) To encourage and examine new initiatives;

(i) To submit annual reports to the Economic and Social Council at its substantive session, which could include recommendations, where appropriate, for improvement of field-level coordination.

F. United Nations Board of Auditors

32. The oversight roles and responsibility of the United Nations Board of Auditors are set forth in General Assembly resolution 74 (1) of 7 December 1946 and in the rules and procedures adopted at the 49th Regular Session of the Board on 30 June - 1 July 2005, and amended at the 35th Special Session on 7 December 2005. The United Nations Board of Auditors' mandate and scope are further defined in Article VII and annex of the regulations and rules of the United Nations that apply mutatis mutandis to UNFPA as set forth in UNFPA Financial Regulation 17.1.

G. Joint Inspection Unit

33. The oversight roles and responsibility of the Joint Inspection Unit (JIU) are set forth in General Assembly resolutions 2150 (XXI) of 4 November 1966 and 2360 (XXII) of 19 December 1967 and extended thereafter under General Assembly resolutions 2735 (XXV) A of 17 December 1970 and 2924 (XXVII) B of 24 November 1972. By its resolution 31/192 of 22 December 1976, the General Assembly decided to establish the Joint Inspection Unit as a standing subsidiary organ and approved the statute of the Unit, with effect from 1 January 1978. In its resolution 60/258, the General Assembly has reaffirmed the role of the Unit as the only independent external oversight body of the United Nations system mandated to conduct evaluations, inspections and investigations system-wide. The Executive Director of UNFPA and the UNDP Administrator present a joint annual report to the Executive Board on the follow-up and the implementation by their respective organizations of the JIU recommendations.

V. ATTRIBUTES OF EFFECTIVE OVERSIGHT

34. The "tone at the top" regarding the expectations for orderly, ethical, economical, efficient and effective conduct from all UNFPA staff at all levels and at all times, set by the Executive Board and the UNFPA Executive Director, as part of the UNFPA management philosophy, operating style and organizational culture is the foundation for effective oversight.

A. Risk assessment and management

35. Management is responsible for continuously monitoring and reviewing changes in the environment; progress and constraints in achieving results; financial management and reporting; audit findings; and findings from major reviews and evaluations. This analysis should be

summarized into a risk assessment, which will be annually updated to evaluate new information regarding the likelihood of the materialization of risks.

B. Continuous improvement and lessons learned

36. Oversight processes help to identify ways to make business processes more efficient and effective through improved performance, including in the context of coherence within the United Nations system as per General Assembly resolution 59/250.

C. Responsibility and accountability for results

37. All UNFPA personnel are held accountable for the achievement of defined results within their respective areas of work. Every entity to which UNFPA entrusts funds for the implementation of activities assumes responsibility for implementing these activities and achieving expected results by formally signing a contractual agreement. All such contractees are responsible for complying with the terms of their agreement and for providing adequate assurances that their contracts are implemented in an effective manner.

D. Single audit principle

38. As set forth in the Report of the Secretary-General (A/48/587) dated 10 November 1993, the United Nations Board of Auditors, the external auditors of UNFPA, is solely responsible for the conduct of audits of the Fund. The United Nations Board of Auditors retains the exclusive right to carry out an external audit of the accounts and financial statements of UNFPA. If special reviews are required, the Executive Board, through UNFPA, should request the external auditors, to carry out specific examinations and issue separate reports on the results. The cost of such a special review will be borne by the requesting authority.

E. Financial disclosure

39. In accordance with General Assembly resolution 60/238: Human resources management, of 15 February 2006, and with the Staff Regulations 1.2 (m) and 1.2 (n), UNFPA staff members meeting the criteria for disclosure have an obligation to annually file the proper financial disclosure statement.

F. Transparency

40. Transparency and independence of the functions of the UNFPA Division for Oversight Services and of the Audit Advisory Committee are assured by the ability of DOS and the AAC to communicate with the Fund's governing bodies. Towards that end:

(a) The Director of the UNFPA Division for Oversight Services has free and unrestricted access to the Executive Board, the Audit Advisory Committee, the United Nations Board of Auditors and any other entity having any oversight or governing function in relation with

UNFPA. The Director of DOS presents an annual report on internal audit and oversight activities transmitted through the Executive Director to the Executive Board at its annual session. Management is responsible for ensuring that management responses are prepared for each specific internal and external audit recommendation. Management follows up on the status of the implementation on a regular basis. In addition, Management systematically reviews and addresses generic issues that arise from audit findings using a risk-based approach;

(b) Management provides a management response to the annual internal audit and oversight activities report presented to the Executive Board at its annual session. The management response includes an update on the implementation of internal audit recommendations. Also, at the first regular session of the Executive Board in January of each year, an update on the implementation of external audit recommendations is provided by Management. Finally, through the Annual Report, the Executive Director reports on the progress made on the management-for-results framework of the UNFPA strategic plan and addresses key issues in this area;

(c) The chairperson of the Audit Advisory Committee has free and unrestricted access to the Executive Board, the United Nations Board of Auditors and any other entity having any oversight or governing function in relation with UNFPA. The Audit Advisory Committee shall submit a report on its work for the previous year to the Executive Director by 31 March each year. This report will be made available to the Executive Board at its annual session.

41. In accordance with the decision of the United Nations System Chief Executives Board for Coordination (CEB), internal audit reports may be made available in situ for consultation to a Member State upon request to the Executive Director of UNFPA. In case confidential information is included in the report, the Executive Director shall remove it and replace it by the expression "Confidential information removed in accordance with the oversight policy of UNFPA approved by the Executive Board at its first regular session in 2008."

42. Notwithstanding the dispositions above, in exceptional circumstances, the Director of DOS may bring reports to the attention of the Executive Board, taking into account the standards and code of ethics contained in the Professional Practices Framework of the Institute of Internal Auditors (IIA).

G. Resources required for effective organizational oversight

43. The annual report on internal audit and oversight presented by the Director of DOS to the Executive Board will include a section on resources available and required for the implementation of this policy. The Executive Board will assure availability of required resources for UNFPA to implement this policy.

VI. APPROVAL OF THE POLICY

44. The present policy takes effect on the day of approval by the Executive Board with no retroactivity.

Part three

RECOMMENDATION

45. The Executive Board may wish to take note of the present report (DP/FPA/2008/4) and approve the UNFPA oversight policy contained therein.